OLR Bill Analysis
sSB 449

AN ACT CONCERNING COMPUTATION OF DATA RELATING TO REVENUE VOLATILITY.

SUMMARY:

This bill requires the Department of Revenue Services (DRS) to calculate the amount of personal income tax paid to the state on federally taxable capital gains, dividends, and interest income.

DRS must, by July 1, 2015, calculate the amount of Connecticut personal income tax paid on such income, based on its proportion to total Connecticut adjusted gross income. The bill does not specify the period DRS must use for the calculation.

The bill also requires DRS to calculate the amount of the tax on such investment income paid and collected for the 2015 and 2016 calendar years. It does not specify a deadline for doing so.

EFFECTIVE DATE: July 1, 2014

CAPITAL GAINS, DIVIDENDS, AND INTEREST INCOME

The bill defines "capital gains" as the federally taxable net gain from the sale or exchange, or other taxable transaction, of certain capital assets and property. "Dividends" are federally taxable dividends, regardless of any exclusions for certain dividend income and excluding exempt dividends paid by a regulated investment company. "Interest income" is federally taxable interest income, excluding (1) income which federal law prohibits states from taxing; (2) any amounts forfeited to a financial institution as a penalty for premature withdrawal of funds; and (3) interest income from Connecticut state, municipal, or other public entity bonds.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea	50	Nay	0	(03/25/2014)